

Do Arizona Retailers Scan The Right Price?

Forty-two Percent of the 2003 UPC Scanning Inspections Fail

Glendale, AZ: Today, the Arizona Department of Weights and Measures (ADWM) released the 2003 UPC Scanning Inspection Report, which found that 42% of the 1,879 UPC inspections conducted from November 1, 2002 through October 31, 2003 failed.

"Arizona's shoppers have a right to know the prices of the goods they are buying. I encourage all retailers to check their price scanners for accuracy as we head into the busiest shopping season of the year. In the meantime, shoppers should carefully check the prices of the goods they purchase for accuracy," stated Governor Janet Napolitano.

UPC Background

According to Arizona law (A.R.S. 41-2081), all retailers are subject to UPC price accuracy inspections. This type of inspection consists of either 25 or 50 items (depending on the amount of products the store offers). The purpose of the inspection is to verify that the posted price equals the scanned price. To pass the UPC inspection, the store is only allowed one error per inspection.

High failure rates for UPC scanning were first brought to ADWM's attention in 1998 when Arizona participated in a national survey consisting of thirty-seven states and four US territories. Arizona was listed as the third worst state for scanning accuracy with a 58% failure rate. As a result, ADWM officials stepped up the number of inspections conducted and began offering retailers free price verification training. The following are recent results:

- 2000 – 1,202 UPC inspections conducted – 52 percent failed
- 2001 – 2,255 UPC inspections conducted – 60 percent failed
- 2002 – 2,418 UPC inspections conducted – 42 percent failed

"This year's results reveal that scanning accuracy has not improved. While retailers have improved over the 52 percent failure rate of three years ago, more improvement is needed in order to ensure consumers are paying the right price. We are looking at new ways to work with retailers to make pricing accuracy a top priority," stated Art Macias, Director of ADWM. "In the meantime, consumers should be careful to note posted prices, watch the register display and check their receipt."

2003 Results

This year ADWM developed a more comprehensive system to rate retailer UPC scanning performance. The rating, which guides the department's enforcement efforts, places special emphasis on the integrity of UPC scanning systems, the likelihood that consumers will be overcharged versus undercharged, as well as civil penalties and consumer complaints. The following is a complete breakdown of the rating criteria:

- Percent of failed UPC inspections
- Number of overcharges (violations in favor of the retailer) per total violations
- Number of civil penalties issued due to UPC scanning violations per total number of inspections
- Number of consumer complaints filed with ADWM against the store for UPC scanning accuracy per total number of locations

To determine the retailers who received the highest rating for UPC scanning accuracy, ADWM evaluated all UPC inspection results over a three-year period from November 1, 2000 through October 31, 2003 using the above criteria. The department found 28 retailers with a perfect score of 0. Out of these retailers, the ten listed below are those that experienced the largest number of inspections and largest number of locations registered in the ADWM system:

**Company Name	Total Number of UPC Inspections	Percent Failed	Percent of Item Violations Overcharged	Number of UPC Complaints Filed	Number of UPC Civil Penalties Issued	Rating (0=Best UPC Performance)
Sam's Club	16	0%	0%*	0	0	0
Quiktrip	13	0%	0%	0	0	0
Ross Dress for Less	10	0%	0%	0	0	0
Barnes & Noble, Inc.	7	0%	0%*	0	0	0
Hallmark	7	0%	0%	0	0	0
Big Lots	7	0%	0%	0	0	0
Spencer Gifts	6	0%	0%	0	0	0
Discount Card & Party Shop	5	0%	0%*	0	0	0
Dress Barn	3	0%	0%	0	0	0
Casual Corner	3	0%	0%	0	0	0

* Passed inspections may contain one overcharge and are not included in the rating calculation.

**Data shows 3-year totals.

ADWM also used the above criteria to determine the top 10 retailers who need the most improvement (received the lowest rating) in UPC performance. The list below was based on retailers with more than five locations and four inspections in ADWM's system and UPC inspections conducted from November 1, 2002 through October 31, 2003:

Company Name	Total Number of UPC Inspections	Percent Failed	Percent of Item Violations Overcharged	Number of UPC Complaints Filed	Number of UPC Civil Penalties Issued	Rating (0=Best UPC performance)
Robinsons - May	18	100%	35%	0	14	64.0
ICI Paint Center	9	67%	76%	0	1	54.8
Cobblestone Auto Spa & Market	8	63%	59%	0	4	53.1
Home Depot	19	53%	66%	0	5	48.0
Auto Zone	22	55%	62%	1	6	47.7
Target Corporation	39	77%	29%	10	8	46.7
Pep Boys Supercenter	9	67%	42%	0	3	46.5
Comp USA	10	90%	20%	0	2	45.9
Sherwin Williams Co	25	76%	26%	0	9	44.8
Kmart Stores	53	74%	33%	1	11	44.4

Rating formula = [40% x % Failed] + [35% x ((# Overcharges/Total Violations) x 100)] + [15% x # Civil Penalties Issued/Total Inspections] + [10% x # Complaints Filed/Total Locations]

To see how your favorite store rated, go to ADWM's website at www.weights.az.gov and click on the 2003 UPC inspection results button. Inspection results include the company name, address, city, and a breakdown of UPC inspection results for inspections conducted during 2003, 2002 and 2001.

Issued Civil Penalties

This year ADWM issued \$58,450 civil penalties to retailers who failed more than one UPC inspection and had at least one overcharged item violation. Civil penalties were also assessed if retailers did not have a written pricing error policy available to customers. By law, a retailer must have a written statement of the retail seller's policies regarding errors in pricing.

ADWM considers new enforcement actions

On September 18, 2003 a new law went into effect, which allows ADWM to assess a maximum fine of \$50,000 to companies that repeatedly fail UPC inspections. The new maximum fine can be issued every 30 days.

To address the high failure rate, ADWM is considering new types of enforcement. The question remains, how can retailers get UPC systems into compliance? Some new enforcement ideas being considered by the Department include:

- Reinforced, targeted retailer outreach and training on this topic
- Reporting the worst offenders to the press on an ongoing basis
- Increased inspections for repeat offenders
- Placing UPC systems out of service when found out of compliance

Shopping Tips

With sixteen full time and three part time compliance officers to regulate all of the Department's programs that affect approximately 70,000 retailers in the state, ADWM relies heavily on consumers to be their eyes and ears in the marketplace. The following shopping tips, if used, can help consumers avoid inaccurate scanning.

- Bring ads with you when shopping.
- Write down prices. By law, retailers are required, upon your request, to provide you with a pen so you can write down prices.
- Watch the cash register display at the check-out counter.
- Speak up when a scanning error occurs.
- When you catch a scanning error, ask for the store's written policy regarding errors in pricing. All retailers are required to have a written policy available to their customers upon request.
- Check your receipt before you leave the store.
- Call the Department at (602) 255-5211 if a scanning error is not corrected to your satisfaction.

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